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THE PRESIDENT'S REPORT
to the

Motion Picture Producers and Distributors of America, Inc.

April 11, 1932

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THE PRESIDENT'S REPORT

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It is now ten years since we adopted the policy of self-regulation and began to develop our program.

The problems confronting us involved our responsibilities to our stockholders, to the 20,000 exhibitors in America, to our foreign customers and to a weekly world audience of 250,000,000 people, who were given in motion pictures the entertainment they desired and the relaxation they required.

Our aims are set forth in the Articles of Incorporation of this Association filed in Albany, New York, in March, 1922:

> *"The object for which the Association is created is to foster the common interests of those engaged in the motion picture industry in the United States by establishing and maintaining the highest possible moral and artistic standards in motion picture production;*
>
> *"by developing the educational as well as the entertainment value and general usefulness of the motion picture;*
>
> *"by diffusing accurate and reliable information with reference to the industry;*
>
> *"by reforming abuses relative to the industry, by securing freedom from unjust or unlawful exactions, and by other lawful and proper means."*

This, our basic purpose, remains unaltered.

The high speed schedules of production; the peculiar intensity of competition; the short life of the product; the large investment per picture; the volatile ebb and flow of public taste in styles of entertainment; — these and other factors all tend to tempt the producer of motion pictures into mistakes of judgment and errors of execution.

Two Revolutions

In addition to these inherently unique considerations affecting our business, ours has been the only industry which has had to meet within three years the double problem of a world depression and an internal revolution. Suddenly the processes of our production, the charted methods of distribution, the implementations of exhibition, were shot to pieces by the advent of sound to the screen. Much of what we had learned became only a wavering foundation for completely new knowledge we were compelled to acquire. Much of what we had achieved—in financial stability, in artistic surety, in effective management, in establishing machinery to maintain orderly cooperation with sympathetic public leadership—became outmoded, obsolete, almost useless, overnight.

Few episodes in industrial history are so arresting as the incredible resourcefulness with which the industry re-formed its mechanical, artistic, financial and administrative ranks to control the unprecedented situations created by sound. The money requirement involved an additional half billion; the investment in energy, in courage, in creative execution, cannot be measured.

Pausing a moment to commemorate the first public exhibition of a sound picture—it was August 4, 1926—we must remember that scarcely three years were permitted us to develop proper implementation, generalize its availability, re-design studios, re-equip thousands

of theatres and reorganize to meet altogether different foreign requirements; three years in which to conform an entirely pantomimic art to sound technique; three years to assimilate a veritable flood of new writers, of acting talent from vaudeville and the legitimate theatre and bring this swiftly recruited personnel to appreciate the necessity for and to practice the industry's self-regulation.

Then, in 1929, the United States felt the delayed impact of a critical world economic situation. We need no blue-prints of that. All our presumptions of income—presumptions which we shared in common with economists and with leaders in every field of industry —were enfiladed by the rifle fire of falling commodity prices, depressed securities and the public's buying timidity.

In the national rehabilitation which has been in progress since November, 1929, the motion picture industry has done more than bear its own share of grave industrial problems. It has conducted major efforts in support of unemployment relief; it has stimulated and aided many other such efforts; it has fulfilled an important role in the sustention of national morale. This we had to do. We could no more have quit in the face of fire than could the Federal Reserve Bank. The maintenance of an uninterrupted entertainment supply has been an imperative duty.

Our specific difficulties, our generic problems, our double exposure to financial upheaval, I recite in no spirit of whining. There is no occasion to whine. I have just come back from the center of production and I know that the industry is meeting the demands of economy without reducing the speed of progress, putting a clamp upon enterprise or damming the free flow of creative effort.

However, in view of the superabundant obstacles which you have had to overcome in the past few years, I wish on this tenth annual

occasion to express to you my very sincere gratitude for the steadfastness with which you have held to the spirit and practice of the aims to which you subscribed in 1922.

I recall the position you have taken relative to more than 200 financially successful books and plays because you deemed them unworthy of the self-imposed standards of motion picture entertainment.

I bear in mind the 787 scripts, books and synopses which during last year you have submitted to those charged with the interpretation of the industry's Production Code and I am aware that during this same year your representatives at the studios have participated in approximately 1500 conferences with officers of your Association, in every case discussing earnestly and conscientiously problems of story revision, frequently sacrificing present profits, because of a considered determination to build the future on an enlightened concept of responsibility to, and for, social progress.

Proof of Motion Picture Progress

No longer do those conversant with the facts and honest in their own motivation question either our bona fides or the overwhelming evidence of progress achieved. Specific constructive criticism of specific pictures we shall always need and I hope and expect we shall always have it, but general indictments of the motion picture industry today come only from the uninformed, the malicious or those who earn a livelihood by derogation.

We do not have to argue the fact of the screen's improvement. The proof of everything in our business lies in the product. Behind that testimony no critic can go.

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Instantly one thinks of:

Arrowsmith, the dramatic typification of the finest ideals of science.

Broken Lullaby, presenting with equal vigour the struggle of an individual soul and of the world at large for true peace.

Alexander Hamilton, marking a new phase in biography.

The Champ, Emma, Skippy, Sooky, The Expert, all nearly perfect in their depiction of the simple, homely and priceless qualities of everyday life.

Street Scene, a view of current humanity, to which the historian of the future will be able to turn as to no written document.

Around the World in 80 Minutes, Tabu, Rango, Trader Horn, Tarzan, new chapters in the drama of travel and wild life.

Cimarron, revivifying a period of our national history.

Shanghai Express, unusual, tumultuous, an experiment in the plastic art of the screen.

Outward Bound, marvelous in its psychological presentation.

The Lost Squadron, Hell Divers, X Marks the Spot, Arsene Lupin, more indices of the new possibilities for melodrama.

Ladies of the Jury, scintillant humor.

Law and Order, presenting the Great West in a new light.

This Is the Night, joining music and comedy.

The Spirit of Notre Dame, Young America, Maker of Men, The Sin of Madelon Claudet, Bad Girl, The Star Witness, Heart of New York, Devotion, portraying vividly the broad proportions and the inter-relations of human life and emotion.

And just ahead of us:

Grand Hotel, Brothers Karamazov, Symphony of Six Million, So Big, The Miracle Man, Wet Parade.

Here is sturdy accomplishment for any art. Perhaps such lists of specific titles, impressive as they are, serve less definitely to illustrate progress than does consideration of certain new *types* of pictures. Important expansion and intensification of cooperative work with public spirited groups who are aiding to raise the standard of demand has resulted in our ability successfully to market an appreciable quantity of so-called "socially valuable entertainment" which even five years ago almost invariably forecast the use of red ink in a producing company's bookkeeping department. Interesting of these types of pictures are: *"The Man Who Played God," "Donovan's Kid," "Compromise," "The Champ," "Broken Lullaby," "Emma"* and *"Arrowsmith."*

In the field of improving the quality of the *supply* of pictures, we have progressed far indeed from the time when we labored to work out the first eliminations of certain types of scenes and such primary principles as that punishment must follow crime.

Today those standards, maintained and regarded as a matter of course, do not alone satisfy us.

With increasing frequency the screen presents an affirmative and spiritual philosophy of life.

In the field of improving the quality of *demand* we have also progressed far since the day, not so long ago, when Warner Brothers filmed *Disraeli* in the resigned expectation that financial loss would result—and their fears proved eminently correct.

Today, motion pictures appealing to the most cultivated tastes are being produced with a high brand of artistry and are receiving active support from those in the community who have wisely turned their energies from futile carping to channels of constructive cooperation.

Varied Entertainment Appeal

I have no desire to minimize the tasks still ahead of us, nor the fact that only a prosperous public can mean a fully prosperous industry. But when the country has resumed its forward stride the story of courage and vision displayed by the motion picture industry in the hours of national crisis will be emphasized.

The most signficant fact of progress shown by the motion picture industry during the present period is in the variety and reach of its entertainment appeal. The depression, unemployment and fear for the future undoubtedly have interfered with the regular attendance at entertainment, as essential as food, light and heat to men, women and children driven by the stress of modern life. But survey and investigation are proving beyond doubt that the potential motion picture audience is being vastly increased by new elements of attendance drawn to motion picture theatres by the constantly increasing number of pictures that are raising the standards of public entertainment.

Whatever further readjustments in production and distribution costs may have to be accomplished to attain the fullest possible pros-

perity for the industry, the inherent stability of motion picture entertainment has been proven as never before.

Public buying paralysis has prostrated many industries and it is only with signs of renewed confidence that these are beginning to pick up. Under-consumption has placed a problem before the country of alleged over-production. But the one thing we of the motion picture industry cannot do is to produce too much good entertainment. Even in the worst days of the depression the very exceptional entertainment film does not lack an audience. We simply cannot make too many really good pictures. The mistake we can make is to assume, and to assume without basis, that any given type of entertainment fare will always satisfy any given segment of the vast entertainment audience served by the screen. Every picture produced upon a higher standard of entertainment value is lifting by that much the standard of public appreciation for pictures of the better kind, which in turn must lift the standard of achievement by the motion picture industry.

Screen Practicalities

But this does not mean that the screen as a whole can desert mass for class.

In making their entertainment appeal to the highest common denominator of public acceptance, motion pictures simply follow in the footsteps of standard literature, substantial drama and the best of widely-circulated periodicals.

The screen cannot disregard practicalities and survive. Or justify to common sense or balance sheet flights into rarified atmosphere.

Certain irreducible production and operating costs compel its occupation of the broader, not the narrower, areas of entertainment. It cannot become a forum, an academy or a soap-box and continue to command universal attendance.

Evangelism and propaganda are not its appointed precincts.

Time and experience will increasingly confirm the soundness of these postulates. And if we ever depart from them, we shall pay the piper instead of dividends.

Ours is not an endowed institution. No philanthropic nets are stretched beneath our financial structure to underwrite performances over the heads of the average audience.

The box-office delivers the final verdict on our product. But we cannot permit the box-office entirely to determine the character of productions. The box-office can only say "yes" or "no." We cannot disregard it and survive. We must give the public the entertainment which interests a sustaining majority of the people. But the box-office gives us no conclusive measure of the opportunity for better pictures. That must be determined by enterprise, courage, and faith.

Social Conscience

We cannot defy social conscience and hope to prosper but we inherit from the Constitution by way of Magna Charta the inalienable right of every man within his own castle to resist unwarranted intrusion. We consent to and we invite sympathetic, constructive and informed effort to help improve our product, to purge it of actual impurity or offense. But we do not thereby concede the inquisitorial powers of any self-appointed or self-anointed groups.

When in 1922 we set out deliberately to improve the social value of pictures, we had full faith in the ultimate public support, but we faced the fact that we could achieve exactly nothing by devoting our efforts solely to the creation of idealistic product; we knew that splendidly conceived and executed entertainment pictures, of a type for which no adequate support has been prepared in the public mind,

would result in zero progress—that the pictures would be seen only by a few, and consequently only a few of them could be made.

We therefore established, and have persistently pursued, a double goal for the Public Relations and Public Information activities of the organized industry:

1. To make clear in the communities throughout the United States the responsibilities of local civic leadership in helping to raise the level of public taste which determines the quality of motion picture entertainment in each respective community.
2. To develop, expand and effectively maintain sympathetic cooperation between that leadership and the industry through facilities whereby intelligent public taste could quickly, constantly and accurately reach the studios.

Preceding this we set about, by trial and error, by experimentation and with anticipated frequency of mistakes, to build a product to meet the demand we were helping to create. This came first, because when you come right down to it, there is nothing which educates public taste so effectively and so rapidly as watching and listening to talking motion pictures which in every phase of their production are a little better than the public expects or demands. Every one of these courageous productions, frequently surprisingly ahead of its time, accomplishes at least this much—that thousands of those who see it acquire, unconsciously, new standards of taste.

This concurrent endeavor—one phase among ourselves at the studios, the other with and by the public—we have designated as:

a. Improving the quality of supply.
b. Improving the quality of demand.

The two operations are interdependent. Neither is dispensable. Together they have wrought progress and together they insure success. Our continuing task is to evolve real and wholesome enter-

tainment that shall effectively supply amusement and relief to hundreds of millions. Under modern conditions this need is greater than ever before. Is it possible to satisfy this present need and yet ascendingly to key mass entertainment, to provide a satisfying diversion and recreation for the most exacting audience and to operate a profitable business?

Discouragements inevitably arise, repeated errors occur. Yet several thousand disinterested allies, actively at work among the public, and those of us who have furthered within the industry the aims adopted in 1922, know that the answer is "Yes."

You and those elements in the public that have joined with you are building in practical fashion a socially enlightened basis for *Twenty-first Century entertainment.*

Improving the Standard of Demand

Presently we shall examine our standards and the operation of the self-regulation established and maintained at the studios. That concerns *improving the quality of supply.*

Let us first examine briefly a case example of what is being done by community leadership toward improving the quality of demand.

Several years ago the industry conducted quietly a survey of twenty-five American cities to determine the proportion of motion picture entertainment, supported in each city, of the type most highly endorsed by public groups, by educators and by leadership within the industry.

At the bottom of the list of twenty-five ranked a certain city, which we will call Metropolis.

The only public group giving attention to motion pictures in Metropolis at that time was a self-constituted reform body, with a paid executive secretary, violently hostile and indiscriminately critical. This organization broke into print repeatedly, denounced with

vehemence and staged public programs, inviting other professional reformers to ventilate their views. There was no liaison between civic leadership in Metropolis and the industry. Result: No education of taste, no progress. If trash found its way to the screen, it found its way to Metropolis.

Two years ago after conference with our office, some of the leading men and women in the civic life of Metropolis developed a really representative Motion Picture Council.

Today, in every neighborhood theatre in the vicinity of Metropolis there is a Motion Picture Council working in close cooperation with the neighborhood theatre manager. Family night programs at week-ends are uniformly in operation. One professional "reformer" has lost his job but Metropolis today rates very high among cities in the United States in its appreciation of quality product as evidenced by box office support. So satisfactory has been the result from the civic standpoint that there is now definite planning for the duplication of Metropolis' experience in a dozen additional major cities. In the smaller cities the formula has been increasingly in operation for several years.

Family Night Programs

Mr. M. A. Lightman, President of the Motion Picture Theatre Owners of America, who, in his theatres in Tennessee and Arkansas has carried out advanced methods of community cooperation, opened the Annual Convention of his Association, in Washington in March, 1932, with the following declaration of principle:

> "Psychologists agree that the family should find its recreation together, not separately. The wide variety of pictures now available, and their high quality, make it possible for week-end programs to be planned with the needs of the child in mind.

"American parents everywhere should realize that the primary responsibility for wise thought and selection lies on them. The motion picture theatre owner can cooperate, but the entertainment needs of the child cannot be solved without intelligent action by parents.

" 'The door to the theatre manager's office is open,' we say. 'Come in and share in entertainment progress'."

It has been the practice of the Motion Picture Producers and Distributors of America to cooperate wholeheartedly with the exhibitors who adhere to this thesis of community cooperation, and to encourage such a viewpoint among exhibitors.

The result has been the successful establishment of cooperative efforts in approximately 3,000 neighborhoods between civic groups and theatre managers. This sound practice of inviting the public into consultative partnership spreads from day to day and comprises a considerable portion of the answer to the ever present dilemma of how to maintain adequate adult entertainment and at the same time give due weight and response to the entertainment needs of the child.

Preview Information

To have invited community leadership to share in improving the quality of demand and not to have provided facilities to make that effort practicable, would have been a futile gesture.

It early became apparent that fathers and mothers, teachers, ministers and leaders of socially minded public groups must have some way of finding out in advance which specific forthcoming pictures would most merit their approval and support. For the industry to have attempted such discriminatory recommendation among its own product would have been presumption from the standpoint of the public and would have been internally impracticable for an Associa-

tion representing more than a score of highly competitive producing companies.

We therefore instituted a system whereby we make the motion picture product available, to volunteer committees of responsible public groups, for preview purposes. The significant forward movement to improve the standard of demand for picture entertainment has in large part been made possible by the ability of local leadership to secure, from sources it implicitly could trust, advance appraisals of forthcoming pictures.

Volunteer, unbiased committees representing the following organizations now preview motion pictures in Hollywood and/or in the East:

American Library Association
Boy Scouts of America
California Congress of Parents and Teachers
Daughters of the American Revolution
Federated Church Brotherhoods of California
(Stage and Screen Committee)
General Federation of Women's Clubs
International Federation of Catholic Alumnae
Los Angeles Branch, American Association
of University Women
National Council of Jewish Women
National Society of New England Women
Young Men's Christian Association

The industry does not participate in the appointment of personnel on any of the previewing committees; it does not scrutinize the reports of the preview committee members. We take no part in the process, except arranging for showings, until the committee reports have gone into the respective headquarters of the various organizations and have been there approved and made public. Thereafter, when

requested, the industry aids in the dissemination of the approved lists.

The organizations themselves, through their own contacts, and through their own local committees in many cities, have enthusiastically advanced the publication of these impartial and discriminating guides to motion picture entertainment.

All this means a special impetus behind the highest quality of product, enabling us to make and market an increasing proportion of pictures of which the social content is affirmative and constructive.

Public Support for Class Pictures

Throughout the nation many groups and many individuals have repeatedly expressed the desire for drama with serious themes. The Association is endeavoring to give these groups and individuals full opportunity to marshall interest in their communities for pictures on such themes as spiritual regeneration and for films that set salutary behavior patterns.

It is significant that *The Man Who Played God* did not meet with box-office expectations in its opening runs in New York and in Los Angeles, but that this fine picture is doing well in other communities throughout the United States. We believe the answer lies in the fact that there was time thoroughly to arouse public anticipation and appreciation of the picture in other cities through the enlistment of community forces to whose entertainment aspirations the picture is a direct response and challenge. It is probable that more than 1,000 sermons will be preached this Spring on the central theme of *The Man Who Played God*. It is certain that thousands who have the same desire that we have for the success of this type of picture are now giving word of mouth advertising to Mr. Arliss' splendid characterization.

The Association undertakes, in cooperation with any member company, direct communication, on behalf of pictures of high merit, with public-spirited groups and community leaders, and arranges suitable special previews.

Improving the Standard of Supply

Leadership among the public to improve the quality of demand has challenged the fullest discharge of our own obligation—the first essential element in the solution of our problem—carefully to develop the methods of translating into performance the will of the makers of motion pictures for better product.

The vast creative army in the studios from the four corners of the world, an army of artists—artists in writing, artists in directing, artists in acting, artists in illumination, artists in sound recording—are all intent on doing today something different and better than that done on yesterday. To say to the artist, "You must not do this," and "You must do that," is to induce either apathy or rebellion, destroying creativeness.

Added to this vigorous artistic integrity, which I respect and cherish, we have the further complexity, previously referred to, of the necessities of our business for speed and of the considerable entrustment of stockholders' money invested in each picture. Art and business must be welded.

The principle of self-regulation determines our policies and guides our efforts. Edict, pronunciamento, fiat, as a short cut to progress, is a fallacy that never dies, though never have the impulses motivating human behavior been directed higher or human aspirations accelerated by cumpulsion.

As education and the stimulated desire for better entertainment

on the part of the public is the means of improving demand, so is education within our own ranks—genuine, convinced determination on the part of our own people to achieve a socially useful product—the method conducive to success in our half of the joint endeavor.

Affirmative Effect of Production Code

It was natural that when we first set out to safeguard the screen from the standpoint of wholesomeness, our concern should have been what *not* to do in pictures.

As part of this negative self-regulation you rejected in toto many financially successful pictures and plays because you held the basic themes to be unsuitable for presentation to the wider motion picture audience.

Under this head, too, would come the list of "Don'ts" adopted in 1927.

In the Production Code of the industry, adopted in April, 1930, and now the accepted standard in the studios of all our member companies, we retained the practice of stating certain things that we would not do. But very important, because reflecting a deeper understanding of our problems based on experience, were the *affirmations* in that document. It provided at the outset:

> That every effort shall be made to reflect in drama and entertainment the better standards of life.

In the statement indicating the reasoning behind various sections of the Code this affirmative policy was set forth:

> "Mankind generally has realized the difference in the entertainment which tends to improve the race, and the entertainment that tends to degrade. Crime, brutality, vice,

are among the facts of life, but it is recognized that there is a right way and a wrong way to present such facts on the screen."

And again:

"The love of man and woman, the social problems that emphasize the need of religious, ethical and moral teachings, are obviously proper plot material for motion picture presentation. Nevertheless, the screen which reflects the art of the multitudes, with its vast popular appeal, owes a definite responsibility to public morals to treat all sex relationships with due care and judgment."

The advance in thought here is obvious. The screen would be utterly valueless, socially and dramatically, if it did not maintain and exercise the right to treat the keyboard of human emotions and the full scene of customs and manners, past and present. The standards that we now seek to maintain emphasize the *manner of treatment* accorded the widening range of dramatic themes portrayed by the talking motion picture.

The Production Code has become, with gratifying unanimity, not only a self-regulatory guide to studio executives in the making of pictures, but a starting point for thought and discussion, in the case of every script, concerning those affirmative values evidenced in the types of developing drama that promise to constitute new factors and criteria in world entertainment.

The Code serves at four vital points in the production of a picture:

1. Consideration of the basic story before the first screen adaptation is written, and sometimes before purchase. In this early stage, the plot, considered in relation to the Code, may offer at once certain obvious points where care will be

necessary or where, patently, social values will be impaired or preserved, depending on the manner of treatment.

2. Examination of the script. Here a blue print of the proposed picture is used in a second check with Code requirements. Danger points and opportunities for social usefulness now stand out in sharp relief.

3. The early stages of the actual making of a picture. Studio heads, supervisors, directors, etc., sit with the Association officers responsible for Code interpretation and evolve and weigh suggestions for the specific treatment of sequences that have been agreed upon as involving relation to the Code.

4. Examination of the finished picture to assure that the processes that have gone before have resulted in a product consonant with Code provisions.

The period of trial for these processes is past. They are operative in every studio. The following brief table compiled by Colonel Jason S. Joy, our representative in the actual work of Code interpretation, illustrates the thoroughness and fidelity with which the product of the screen is being exposed to the social illumination of the Code:

TABLE OF CODE OPERATIONS, 1931

	Features	*Short Subjects*	*Total*
1. Scripts, books and synopses read	527	260	787
2. Conferences on scripts, books, etc.	959	522	1481
3. Pictures reviewed	363	370	733
4. Written opinions sent	446	381	827

During the past few months, a considerable number of new and responsible unaffiliated producers in Hollywood have expressed a desire to test their product, during the making, against the tenets of the Production Code. This comprises at once an endorsement and an opportunity for added service. Bearing in mind our continuous purpose of working on behalf of "all those engaged in the motion picture industry," we have made available to such non-member producers the same facilities for Code interpretation enjoyed by our membership.

Setting Styles in Motion Pictures

The increase in effectiveness of our conduits from public leadership and the corollary increase of interest among our studio personnel in satisfying the higher levels of entertainment demand has enabled us very early to sense shifts in public opinion and trends of taste, and we are equipped quickly to meet, indeed sometimes to lead, the more salutary of these trends.

At the last annual meeting in March, 1931, I suggested to this Board of Directors changes which were imminent in public attitude toward literary and dramatic offerings. I brought to you intimations we had received that the post-war period's preoccupation with sordid, bitter and sometimes semi-licentious themes was working in the public mind a natural and healthful reaction. Pursuant to your active interest in the proposed effort to occupy a position of leadership in this swing of the style pendulum, the Secretary of this Association spent considerable time during the months of April, May and June, 1931, in securing opinions from four classes of people:

1. Public Groups
2. Newspaper Editors
3. Distributing and Sales Factors
4. Theatre Managers, both affiliated and unaffiliated

Two questions were asked:

a. Of what types of motion pictures might there well be less quantity?

b. Of what types of motion pictures should we have more during the coming season?

In June, 1931, the results of this inquiry were carried to the studios in California. All four of the groups consulted suggested fewer pictures with sex as the primary basis, fewer so-called "gangster pictures," and continued effort to avoid more completely the occasional vulgarities that creep into feature pictures and comedies.

On the other hand, those who were consulted asked for more pictures like *Daddy Long Legs, Skippy, Cimarron, Shipmates, The Millionaire, Abraham Lincoln, The Connecticut Yankee, Seed, Father's Son, and Rango.*

You will remember the redoubled care at the studios in the handling of sex subjects, and the conscious effort to avoid instances of bad taste. At that time, too, I took occasion to re-emphasize the suggestion made at the Annual Meeting on March 30, 1931, that with the growing indignation against gangster rule, public interest in such themes in literature, on the stage and in the films was waning. Our position then and our position now in that regard may be summarized as follows:

1. The proper treatment of crime as a social fact or as a dramatic motive is the inalienable right of a free press, of free speech, and of an unshackled stage or screen;

2. From the social standpoint, the insistent message "Crime does not pay," as flashed from the screen, is the most forceful proof of the success of self-regulation in the motion picture industry;

3. Insofar as the so-called "gangster" picture is concerned, the fact is undeniable that the screen has done much in recent months to "debunk" the gangster by removing his mask of mock-heroism and focusing public attention upon the grave dangers of his rule;

4. Nevertheless, a continued cycle of such themes, I suggested, was not in the interest of the widest possible entertainment program. To over-emphasize the gangster's role in American life was undesirable. Public taste, now emerging from the post-war dominance of realism in the raw demanded a more inspiring type of entertainment on the screen.

During the intervening year the trend of pictures has been away from sordidness and toward romance and clean comedy; and we have begun to supply an even more significant demand.

America is in the mood and the process of rebuilding. As a nation, we have the task ahead of remolding many of our economic concepts and of readjusting our lives. Losses we have suffered, but gains we have made; the day of the cheap cynic and the falsely brilliant destructive mind is passed. The man with something useful to contribute to the nation and to solid forms of human happiness is the man for whom we have use and approbation.

The same thing is true of pictures that is true of men.

Much of the audience that patronizes a motion picture theatre wishes to come out with a sense of added strength and comfort, to aid in the task of meeting responsibilities as serious as those faced by any generation.

This need we are increasingly supplying. I need only to cite three current pictures, *Broken Lullaby, Arrowsmith* and *The Man Who Played God.*

Short Subjects

In the short subject field as in the field of feature pictures, self-regulation has progressed from an initial preoccupation of avoidance of bad taste to an affirmative policy of developing and securing support for constructive types of pictures.

The scope of the short subject market will require continued alertness in precautionary directions. The preponderance of comedy as the natural dramatic expression of the short also entails constant factors requiring care. However, it is illuminating to consider this brief list of short subject series, planned or in production, which represent the result of affirmative thought toward translating industry purposes to the screen in this field:

a. *The Medal of Honor Series,* in which it is planned to reconstruct into dramatic stories those actions which inspired awards of the Congressional Medal of Honor.

b. *The Famous Classics Series,* in which some well known poem of American origin will be interpreted in dramatic action by a player of ability and reputation.

c. *The Austin Turner Series,* which will depict in drama some unusual nature studies and life studies in the American West.

d. *The Birth of Words Series,* which will trace the historic facts of interest in the origin of words.

e. *The Historic West Series,* in which the abandoned mining towns and forts of the Western territory will be used as backgrounds for a group of educational short subjects.

f. *The Marionette Series,* in which a new type of puppet embodying more elasticity and pliability in its composition will be used.

Entertainment, the Screen's Basic Purpose

Because we state and re-state the extra-entertainment considerations involved in developing a socially useful content of pictures it is wise also to state and re-state the basic philosophy and fact of our primary obligation to the public, an obligation which in itself contains the essence of inspiration and of impulsion to the finest effort of which we are capable.

The function of motion pictures is to ENTERTAIN. This we must keep before us at all times and we must realize constantly the fatality of ever permitting our concern with social values to lead us into the realm of propaganda.

Pictures may be so made as to carry strength and inspiration to those who see them. They may be safeguarded in the matter of their problematical effect on behavoir. These values we shall continue to conserve and develop. But, first of all, pictures must entertain.

Entertainment possesses in itself and of itself a moral value and is a vital necessity to the millions whom we serve. No group, no cause, no social, religious or civic faction is permitted to inject propaganda into American motion pictures.

Deliberately and consciously, motion pictures are for international good will and for the forces of law as against the forces of crime. We have, too, certain obligations that wrong shall not be made attractive and that religion shall not be mocked.

These adherences admit no justifiable controversy. But on every other topic the American motion picture preserves its impartiality, owns no civic obligation greater than the honest presentment of clean entertainment and maintains that in supplying effective entertainment, free of propaganda, we serve a high and self-sufficing purpose.

News Reels

Probably the most universally enjoyed part of the theatre program is the News Reel. It is current event and history, popular sport and the tragedy of the passing of a great statesman, war in its frightful reality and the Disarmament Conference in session, the religious service of the Buddha in a forbidden temple in the interior of China and the Easter Parade on Fifth Avenue, a scenic bit of African jungle set next to a trip over the North Pole. Friendship between nations grows with understanding. American news reels make neighbors of them all. The news reel is education, natural education, at its best. It is as entertaining as life itself.

Advertising Code

Sufficient time has now elapsed, and sufficient effort been expended, to permit appraisal of the value of the Advertising Code developed by the publicity heads of the member companies and signed on June 6, 1930.

At the outset we were somewhat dismayed by the fact that an average of 15,000 individual motion picture advertisements are prepared daily by exhibitors throughout the country. This means that the varied minds of many men, each working with enthusiasm, sometimes under heavy pressure of need for stimulating theatre attendance, bring to the writing of motion picture advertising the inevitable dangers inherent in creative sales copy prepared and issued at high speed.

Nevertheless, we decided that rigorous care in the press books issued by our producing companies and constant educational work with the theatre managers of affiliated theatres would by precept and example influence the entire stream of motion picture advertising. This premise has proved to be correct.

Furthermore, the Association's staff member in charge of this work has undertaken to bring to the attention of theatre managers not affiliated with our members those examples which occur of questionable advertising. We have found that such suggestions are taken in good part and throughout the industry there is evident a growing recognition of the fact that our advertisements are the show window of our business, that our ads must reflect our pictures accurately and that the temptation to salacity in advertising, whether it be sometimes productive of box-office receipts or not, involves a policy that the industry cannot afford to, and will not, pursue.

Hundreds of letters, hundreds of telephone calls, conferences day-in and day-out, have constituted a continuing campaign. In many cases there are legitimate differences of opinion as to specific advertisements, but there is a definite border-line where most reasonable minds agree that good taste ends and we have concentrated our efforts, with considerable success, at the task of keeping on the right side of that line.

Four typical sets of instructions, issued by member companies of the Association to their own employees, are quoted herewith. They show the tenor and earnestness of the organized determination to keep our advertising wholesome.

1. *FOX*. The following is quoted from the Fox house organ:

"Every manager, advertising man and publicity man in the entire circuit of Fox Theatres is hereby cautioned to use the utmost care in the writing and the art work of ads, and to make them conform STRICTLY to the code laid down by the Motion Picture Producers & Distributors of America. Keep your copy clean and free from any immoral suggestion whatever. Improper poses in your drawings or photographs are OUT. Do not try to get around these rules. An ad is either

moral or immoral. Rest assured that you'll save yourself a lot of trouble by staying inside the bounds of propriety."

2. *LOEW*. "The Loew-Down," house organ for the Loew theatres, under the heading "Salacious Ads Will Not Be Tolerated," carried the message:

"Of late there has been a tendency in the advertising of motion pictures which reacts tremendously against the best interests of this business. I refer to the salacious and off-color advertising that we see so very often. I will not point to any specific examples. I am sure you see it all around you.

"At this time I want to impress on your minds that, as far as the Loew Theatres are concerned, we will not countenance any such advertising, and I do not want to be placed in an embarrassing position by your inattention to these instructions.

"You know the reason for salacious advertising and salacious exploitation. It is erroneously based on the theory that it increases business. You can definitely forget such an alibi. It will not be countenanced by us in the analysis of your advertising.

"I may say that the same message is going forward to all theatres in all circuits. Any time you see salacious advertising on the part of your competitor, cut it out immediately and mail it to our Home office. A constant check will be made by us, by all other circuits, and by the Hays Office, all determined that once and for all we are going to clean up this situation.

"The Press Sheets and Advertising Copy furnished you by the various film companies and your own Publicity Department will not contain anything objectionable, and while

you may deviate from time to time, never do so with the thought in mind that you want to color up the subject matter so that it will become at all salacious.

"Please inform everybody connected with you that we are very much in earnest about this, and cannot tolerate any violation of this code."

3. *WARNER.* Almost simultaneously the following instructions were issued by Warner Brothers:

"Effective immediately, we must definitely and absolutely refrain from any attempts at obscene or salacious advertising of any kind, in connection with our theatres, because if our Organization and the entire industry attempts to stimulate business through this medium it will prove very detrimental and eventually will bring ruinous results to our theatres and our industry as a whole."

4. *PARAMOUNT.* Mr. Sam Katz of Paramount Publix has frequently expressed himself strongly regarding the application of the Code. He has had placed in all the press books of Paramount Publix the following:

"In preparing advertisements, no one in Publix theatres is permitted to go beyond the meaning of the words in the advertising copy in this Manual, or in the advertising copy taken from producers' press-sheets.

"Any manager or advertising man who goes beyond the general trend of advertising as outlined in these two sources, in an effort to frame salacious or sensational advertising, does so at the peril of his job.

"Publix Theatres will accept no alibis for salacious advertising. You are to stick to the spirit of the Manual or press sheet in framing your advertising copy."

The Code has had the full backing of the Trade Press in the educational work that has brought the industry markedly forward in the field of wholesome advertising. Before its adoption there were almost daily examples of so-called "jazzing up" of copy.

We shall not ever be able to relax vigilance in this matter of clean advertising, but already we have arrived at the place where motion picture advertising compares favorably with the advertising of other commodities. The occasional mistake still occurs but it is episodic and not epidemic.

Motion Pictures in Education

The motion picture industry is possessed of a stirring opportunity and a consequent responsibility in the field of education as the stewards of an invention that at the same time can materially reduce the cost of education to the taxpayer and can measurably augment the useful results of school work in the case of every student.

In the proper determination of the electorate and responsible officials that the cost of government shall be cut, care must be exercised to see that no sacrifice is made, whatever the emergency, in the all-important task of providing our youth with the means of facing life armored with knowledge.

Of the economic aspects of the motion picture as an implement of pedagogy I shall presently say a word, but it is pertinent first to appraise the philosophy and history of the research and planning that has accrued to date in preparation for the ultimate universal use of motion pictures as a direct educational instrument.

In 1922 we pledged ourselves to the purpose of

> "——developing the educational as well as the entertainment value and general usefulness of the motion picture."

On July 6, 1922, in response to an invitation from the National Education Association, I appeared before that body in Boston and spoke on your behalf, setting forth our purpose to accord the facilities of the industry to the furtherance of education.

From that commitment, to which we adhere, I now quote:

> "In my opinion, there will be series of motion pictures adopted by boards of education just as now series of text books are adopted. They must be, of course, scientifically, psychologically, and pedagogically sound.
>
> "There has been difficulty in the past because those who produced the films were not trained educators, and therefore were not able to produce pedagogically sound films, while at the same time, the educators whose advice has been available have too often proved unable to adapt themselves to the peculiar technical demands of screen production. Before great progress can be made there must be some method worked out to bring together the men and women who are versed in the psychology of education with the men and women who are skilled in the methods and mechanics of picture production."

Pursuant to that proffered opportunity, the National Education Association, appointed a committee to cooperate in inquiry with the Motion Picture Producers and Distributors of America. The Chairman of this committee was Dr. Charles H. Judd, Director of the School of Education of the University of Chicago. Dr. Judd immediately conducted with competent aids from many educational centers a study in the possibilities of the use of motion pictures in pedagogy.

Revolutionary additions to methods in the oldest of the sciences —the history of Man is the history of Education—come slowly, and

it is natural that leaders in pedagogy should wish to assure themselves and their colleagues, beyond any reasonable doubt, of the new implement's indispensability.

In the intervening ten years the industry has continued and expanded its original proffer of cooperation. Among steps in a direction that can only be forward are the following:

1. Thirty-five subsequent research studies in the efficacy of visual instruction. In all of these we have cooperated and to several of them have contributed financial assistance. The educators who have expended devoted effort in this field include names that stand in the top rank of the profession of educational research. Such names, for example, as Herbert Blumer, Cyril Burt, Frank N. Freeman, Charles H. Judd, Sir James Marchant, Mark A. May, C. A. Ruckmick, Charles Spearman, George D. Stoddard, L. L. Thurstone, etc.

All studies are in agreement that motion pictures materially increase the efficiency of the child's learning, the degree of added efficiency ranging from 10 to 100 percent depending on the type of suggestion and on surrounding conditions.

2. Development, in cooperation with the American College of Surgeons, the late George Eastman and distinguished French physicians, of the surgical film as a means of instruction. A representative of the Motion Picture Producers and Distributors of America, in 1928, brought from France four films showing great masters of French surgery performing delicate operations. The distinguished Committee of the American College of Surgeons continues its earnest pursuit of the matter. That committee consists of Dr. J. Bentley Squier, chairman; Dr. W. W. Chipman, Dr. George W.

Crile, Dr. Bowman Crowell, Dr. Malcolm MacEachern, Dr. Franklin H. Martin and Dr. Chas. H. Mayo. Today an increasing library of surgical films brings new meaning to the educational possibilities for the medical student, especially in the small college.

3. Organization by your Association of a direct inquiry, collating the opinions of leading educators in 673 colleges and universities of the United States, concerning the utility of the sound motion picture for teaching.

4. Presentation in March, 1932, on the occasion of the amalgamation of the National Academy of Visual Instruction with the Visual Instruction Department of the National Education Association, of a new study and a summation of all previous studies, compiled by Dr. F. D. McClusky, head of the National Academy of Visual Instruction. Dr. McClusky's exhaustive treatise was made possible by support from the motion picture industry through the Motion Picture Producers and Distributors of America.

Because of its comprehensiveness and the fact that it surveys progress and possibilities as they stand at the moment, the McClusky report is of particular importance.

Imagination is stirred by this brief paragraph, taken from the careful conclusions of ten months intensive study:

> "In our normal thinking process one never has an isolated idea, the counterpart of the still picture. The stream of thought is continually on the move. It may be that the motion picture secures its educative power from the fact that it is a counterpart of thought."

That the supply of educational films already available is larger

than many realize is indicated by the following situation found to exist among the companies actively engaged in the production of teaching films:

> "Eastman Teaching Films, Inc.: Program of 325 pictures, 200 of which have been produced and are in use; 75 in production and 50 more planned for the near future."
>
> "Electrical Research Products, Inc.: 60 already produced; a total of 360 planned, 20 of which are currently entering production."
>
> "R.C.A. Photophone, Inc.: Concentrating on experimentation in the realm of higher education, such as 'Action of Forces in Space,' 'Constitution and Transformation of the Elements,' 'Arrangement of Atoms and Molecules in Crystals' and 'Oil Films on Water'."
>
> "Fox Film Corporation: Has produced 52 pedagogical pictures; 15 additional are virtually complete; 200 more are programmed, of which scenarios or continuities for 67 have been prepared."

Worthwhile, too, is consideration of two groups of recommendations made by Dr. McClusky.

To educators:

1. Educators must inform the laymen and those on whom they depend for financial support as to the necessity of supplying the equipment for effective visual instruction.

2. The schools must increasingly use the product available—"and the amount of visual material is greater than is generally appreciated"—in order to encourage further production on an elaborate scale.

3. "Natural but mistaken" resistance must be broken down. "Properly used, visual material will repay its cost in the conservation of the teacher's time and energy alone." It "can never supplant the teacher."

4. Willing cooperation of educators with those preparing plans for the production of pedagogical pictures.

To the producers of films Dr. McClusky makes the following suggestions:

1. Working out of a "comprehensive philosophy of education" with "cognizance of the respective parts to be played by the teachers, texts and visual aids in the classroom."

2. Creation of "A systematically organized library of visual material."

3. A current events educational weekly, selected from the most educational sequences in the existing news weeklies.

4. A clearing-house for distribution of visual educational aids exclusively.

5. Specialization in particular fields by the various companies interested in the educational film supply, with subdivisions of activity such as primary, secondary, college and technical subjects.

6. Consideration of a possible independent, permanent producing organization to restrict its production entirely to pedagogical films.

Aiding the Taxpayer

An outstanding point of agreement among all research authorities in the field of visual aids to instruction is that the motion picture's effectiveness with students multiplies rapidly in the case of the so-called backward child.

Immediate and startling conclusions result in estimation of the saving to taxpayers that would accrue through universal use of motion pictures in American schools.

In 1930, according to the census, 25,716,201 students were in attendance at our schools. Ten percent of these or, roughly, 2,500,000 were "repeaters"—children who were retaking courses in which they had failed the previous year.

A recent survey of 35 representative American cities indicates that the cost per child per year of education under our systems averages $112.89.

It seems established that the average increase of instruction efficiency when motion pictures are used as visual aids is twenty-five percent.

If the cost of educating our children costs only $100.00 per child per year, and if the motion picture could eliminate one-quarter only of the "repeaters," the direct saving to the taxpayer through use of motion pictures would aggregate $62,500,000 a year.

Allowing for the increase in population and considering the minimum figures we have used in this estimate, it seems apparent that in the decade first following the universal use of motion pictures in American schools the direct saving to the taxpayer will be in excess of $1,000,000,000.

Bringing into community terms the $62,500,000 figure, the saving to the city of St. Louis with its 92,000 school children would come to $230,000 a year.

The cash saving of $1,000,000,000 in a decade to the taxpayer by no means represents the full economy in the use of motion pictures. Today a large percentage of our school children leave school discouraged because they cannot satisfactorily progress from grade to grade. Tremendous national and community loss accrues from the fact that these young people face life with a feeling of failure. In their

first competitive association with their fellows they have acquired a deep scar of apparent inferiority. To eliminate even one-quarter of these cases means an accession to our social, civic and economic processes that one can scarcely overestimate.

The Teacher's Value

There remains also the problem of the exceptional child, the child whose natural equipment would enable him to go faster and farther in school work if the teacher had the time to develop individual possibilities. The use of motion pictures in pedagogy, by making the task easier for the so-called backward child, will free the teacher to a considerable degree from the present burden of exerting so much individual effort on the laggard.

Make no mistake about one thing. The teacher will always remain the vital force in education. Whatever we offer, and whatever subsequent inventions may offer, in the way of educational implementation, all that we can do in the last analysis is to assist the teacher. Every one of us looks back to vistas of knowledge and inspiration opened to us by the influence and impress of some consecrated teacher to whom we were more than just a unit in a classroom. To this sort of service, in increasing proportion, the expanded use of motion pictures in pedagogy will open the way for the teacher.

This is all in full harmony with the fundamental rights of the exhibitors.

> "The fact is, the Exhibitors of the country approve and favor educational films for classroom work. They have not looked with favor on the semi-educational films that would be shown in church or school without charge therefor, and have objected to the non-theatrical use of the theatrical or amusement film.

"This is natural. The theatre owner pays National and State tax on his theatre, a license fee, an extra insurance premium and other special levies in order to run his business and provide for the essential amusement, and it was obviously unfair to him to create a competition to draw the same audience with or without charge into places which have no such burdens.

"In developing fully the value of educational pictures, which are semi-instructional and semi-entertaining, the fundamental rights of the Exhibitor and his value and importance in the situation must always be considered. Our whole program of bettering conditions in the industry cannot possibly proceed without the co-operation of the Exhibitor. The Exhibitor owns the screen; it is his theatre and the efforts of the producer and distributor succeed only as the Exhibitor co-operates. It is his effort as much as the producers. And while we want to develop as fully as possible the educational film, we must and we do recognize, and you must recognize, and the public must understand, that the rights of the Exhibitor must be protected."—From address before the National Education Association, Boston, Mass., July 6, 1922.

Value in Education of Entertainment Pictures

Supplementary reading has come to play a large part in the curriculum of the modern school. The vigorous stimulative and educative potency of the entertainment film of 1932 and the years to follow will point the way to similar definite use of our medium as an auxiliary to the work of the teacher.

So swiftly does the flow of entertainment from our studios issue to the world and so panoramic is its coverage in the fields of literature

and the drama, that perhaps few realize how the great masterpieces of literature and the stage have been made available in a steady stream to the vast world audience in motion picture theatres.

From Russia we have taken Tolstoy's *Resurrection,* from England such idealized writing as Barrie's plays, typified by *Peter Pan,* and other masterpieces like Stevenson's *Dr. Jekyll and Mr. Hyde,* from our own classic literature Mark Twain's *Tom Sawyer,* and Poe's *Murders in the Rue Morgue.*

In the drama of manner and customs: *The Hatchet Man, Merely Mary Ann, The Guardsman, The Taming of the Shrew*—the list would run into the thousands.

The screen has revitalized the lives of many great men—Abraham Lincoln, Alexander Hamilton, Disraeli, Lord Nelson, George Washington.

At Harvard University an experiment is being made in the teaching of the Romance languages through entertainment pictures. Students of French and German at Harvard have organized an exhibition program of the French and German versions of current motion pictures.

Such authorities as Dr. Frank H. Vizetelly and Dr. Albert Shaw, distinguished editor of "The Review of Reviews," believe that talking motion pictures are of tremendous value in the inculcation of high standards of spoken English. Dr. Shaw says in the March issue of "The Review of Reviews":

> "In the years to come they will improve the vocabulary, accent and conversation of millions of listeners. They will react favorably upon the legitimate drama. They will influence pulpit methods and political speaking. They will have an international influence in lessening barriers of language."

The screen has epitomized in a series of epic dramas many facets of American history. There come to mind *Barbara Frietchie, Old Ironsides, The Birth of a Nation, The Vanishing American, Great Meadow, Rough Riders* and *The Covered Wagon.*

Nor has our industrial and economic progress been forgotten. In the field of transportation you will recall *The Iron Horse.* Many truly great pictures have dealt with the shipbuilding industry,—*Rich Man's Folly, Old English* and others. *Moby Dick* and *The Viking* have given us lasting pictures of the once great whaling industry. None can have seen *The Silver Horde* without a comprehension of the thrill and intricacy of the salmon industry.

Consider how vastly more interesting geography would have been to us when we were in school if we had had supplementary assignments to see such pictures as *Grass, Moana, Nanook, Chang, Trader Horn,* Governor and Mrs. Pinchot's *In The South Seas,* and *With Byrd at the South Pole.*

Junior high schools throughout the country devote increasing attention to the study of social science. Important auxiliary theses relating to war and peace are comprised in the large classification of drama exampled by *All Quiet on the Western Front, Barbed Wire, Journey's End* and *Broken Lullaby.*

More and more the processes of self-regulation within the industry and of public support for fine pictures will assure to the screen drama of spiritual struggle and of high concepts of human behavior. Because of the preview system it is possible for teachers, as well as for ministers and parents, wisely to direct the entertainment tastes of the young who are dear to them. Civilization brings us a rapidly ascending quota of leisure. How shall we use that leisure? In the answer to that query may reside the eventual test of the success of

our civilization. We will do well to bear in mind the obligation of furnishing the teacher, in the nation's theatre, with entertainment pictures of a type to react constructively on the growing mind; and the teacher will do well to give thought to selection and guidance, with education and character in view, of the student's entertainment fare.

Conservation and Protection

In film exchanges in the United States 150,000,000 feet—approximately 28,000 miles—of motion picture film are examined, stored, repaired or shipped each day. In the 300 working days of the year this amounts to 45,000,000,000 feet of film passing through human hands.

One of the important public services of your Association has been the quiet development of a thorough system of inspection for exchange buildings and a constant study and improvement of methods of handling this enormous amount of film.

Rigid monthly inspection of all exchanges is maintained. In most instances the inspection is carried out by a member of the local Fire Department, and a committee composed of branch managers and the Secretary of the Film Board of Trade. After inspection a fire drill is conducted and report is made as to the bearing and conduct of the employees. A trophy is awarded yearly to the branch exchange having the most consistently perfect inspection record.

The Director of Conservation of the Motion Picture Producers and Distributors of America visited each of the 457 exchanges at least once during 1931.

In the past eight years more than $26,000,000 has been expended in the construction of fire proof exchanges in the United States, all erected in accordance with plans approved by the Conservation

Department of this Association and designed particularly for the protection of our workers and of neighboring tenants. We are in continuous contact and frequent conference with all fire protection and fire prevention bodies and with conservation groups.

Figures for the past four years indicate the effectiveness of our effort:

1928. One fire. Monetary loss $25. This fire resulted from static spark caused by the sun's rays on a metal table, which ignited film as it was being rewound.

1929. One fire. Loss $1200. This was caused by defective concealed wiring in the Poster Department. No film was involved. Loss resulted from wooden poster racks and advertising matter.

1930. One fire. Monetary loss $15. Six hundred feet of film was destroyed.

1931. Two fires occurred. Total monetary loss $225. Both fires occurred in regional or unaffiliated distributing offices. One office was receiving the benefit of the Conservation Department, consequently was inspected regularly. This fire occurred in the Poster Department and was believed to have been caused by a careless smoker. No film was involved. The total loss in this fire was $25.

These figures comprise a splendid testimony to the results of organization in industry.

A curious misapprehension exists in some quarters, and should be corrected in the record, concerning the Pathe Studio fire that occurred in New York on December 10, 1929. An impression seems to exist that this was a fire of film origin, but that is not the case.

The National Fire Protection Association stated in its official report that the fire originated in a velvet drop curtain from an unknown cause. It is definitely established that only eleven reels of film were burned and that this film was in no way a contributory cause of the fire or to the spreading of the flames. The entire interior of the building was ablaze before the eleven reels of film took fire. Eight of the burned reels were in the mezzanine floor projection booth and three reels were in the camera dark room. The films in the cutting room and in the vaults did not ignite and were uninjured except by water.

Preservation of Film for Future Generations

In May, 1930, I transmitted to the President of the United States the willingness of the industry to cooperate in the preservation for future generations of current motion picture product that might be deemed to possess exceptional historical or educational value.

Pursuant to this offer and to subsequent discussions, it is planned to have historical film archives in the Federal Archives Building at Washington—plans for which are now being drawn. The significance and importance of this historical and educational record is self-apparent.

We have collated the opinions of the best available technical minds as to how this project might be made practicable and a special committee of the Society of Motion Picture Engineers is working in cooperation with those charged by the Government with responsibility for the method of preserving the motion picture record of our time.

American Motion Pictures Abroad

Wherever American pictures are shown, in any country in the world, there results an invigorating stimulation of local will to buy.

Products on the shelves of local merchants move faster, whether they are American made or manufactured abroad.

We have established, in the United States, beyond doubt, that a good picture in an attractive theatre brings purchasers to the mercantile establishments in the downtown section or to the neighborhood stores; that the small town providing excellent motion picture entertainment draws a constant of increased visits, with increased buying, from the surrounding rural district.

Modern economics are so inter-related that it is very difficult for an institution to serve one element in the business world without rendering simultaneously corollary service to other phases of business.

The application of this principle abroad was evidenced with vigor at the time when as President of your Association I negotiated with the French Government relative to quota requirements proposed by that government which our industry deemed confiscatory.

Hundreds of French motion picture exhibitors, and many Chambers of Commerce in the affected areas, protested emphatically to the French authorities expressing the deep concern with which their local communities viewed the possibility of a diminished supply of entertainment of a degree of excellence only obtainable, in continuous flow, from American studios.

Unfortunately, the far-seeing view of economics does not always prevail and it is human nature for us to regard a tangible dollar going to our neighbor today with more acute realization than we view a dollar intangibly created or stimulated in added business at home.

The story of the American motion picture abroad is the story of an unending effort on the part of governments throughout the world to bar through artificial restrictions the American motion picture in the hope that the resultant starved entertainment demand in

the respective countries will in some mysterious way assure the creation there of an industrial asset comparable to that possessed by the United States.

Americans, who have developed a large part of the motion picture industry of the world, are inclined to forget the toil, the creative effort, the investment and the self-discipline that have combined to create this tremendous commercial asset. We view our production center as a matter of course, but those who do not have it seek desperately to create some such asset over night by fiat of law. In this purpose new precedents have been set in trade restrictions in the effort to force into being similar stimulators of commerce in other countries.

The extent to which these trade restrictions have grown is indicated by the following brief summary of import duties, quota laws and other economic burdens imposed in some foreign countries on the distribution of American pictures:

ARGENTINA

Import duties increased to a straight specific duty on motion picture films amounting to 15 pesos gold per kilo, without surcharges. It was formerly 4 pesos per kilo.

AUSTRALASIA

In Australia there is a Commonwealth tax payable by all companies on profits derived from Australia amounting at present to one shilling four pence in the pound. On property income an additional one shilling six pence in the pound will be assessed, making a total federal tax of two shillings ten pence, as well as the various state taxes. The State of Victoria has imposed a quota which provides that 2,000 feet of British film shall be shown in each program, 1,000 feet of which shall have been made in Australia. This has been in effect since

July 1, 1927. In New South Wales, 12½% of gross income is regarded as taxable income.

In New Zealand there is a film quota identical with that in effect in Great Britain and which amounts to 12½% on the distributor and 7½% on the exhibitor, becoming 10% after September 30th.

AUSTRIA

Under the Austrian quota regulations, for each sound film produced domestically and recognized as a native film there are issued 21 interim certificates and for each sound short, from 1 to 2 interim certificates, according to type. On the basis of one interim certificate there may be issued 10 import permits for short sound films of less than 350 meters length each, or 5 import permits for short sound films from 350 to 700 meters each. Two interim certificates are necessary for a film between 700 and 1,500 meters length, and three certificates for the issuance of one import permit for a sound film of over 1,500 meters length. For the issuance of one import permit for a sound film for the comprehension of which by all classes of patrons the insertion of text and titles is necessary, the following must be submitted:

for 2 copies	1½ interim certificates
3 copies	2½ interim certificates
4 or more	3 interim certificates

Interim certificates are purchasable from the Film Bureau of the Chamber of Trade, Commerce and Industry in Vienna at 1,000 shillings each.

BELGIUM

A commercial profits tax is levied by the State at the rate of 9.9% to which must be added the local tax rate that may be levied up to

100% of the State tax, in which case the total tax rate will amount to 19.8%, increased to 22% as and when the profits are distributed in the form of a dividend. As a result of recent legislation the fiscal authorities are enabled to tax foreign companies in one of the other of the following alternative methods (whichever yields the higher assessment) where they are not satisfied that the accounts present a full and proper disclosure of the results of the Belgian business:

(a) on an assumed net profit of 15% of the cash takings or collections;

(b) on an assumed net profit of Belgian Francs 10,000. per employee or workman.

There is also a "taxe mobiliere" amounting to 15%.

CHILE

A tax of $50. Chilean currency on the first release of all foreign films in each district.

The revenue authorities propose that for the purpose of income tax assessments their taxable profits shall correspond to 8% of the gross rentals earned in Chile.

COLOMBIA

Import duties increased on talking and silent motion picture films from 80 centavos to 1.60 pesos per kilo, and on discs from 20 centavos to 2.50 pesos per kilo.

ENGLAND

Besides the quota at present effective in Great Britain amounting to 15% on distributors and 10% on exhibitors, this latter becoming

12½% after September 30th, import duties have just been levied in England as follows:

Negatives	5 pence per foot
Positives	1 penny per foot
Positive sound track, only	33 1/3% ad valorem
Negative sound track	10% ad valorem
Discs	33 1/3% ad valorem

GERMANY

The German kontingent regulations at present in force, valid until June 30, 1932, provide for the distribution of film import permits among companies which have distributed German films between January 1, 1930, and June 30, 1931. These permits are allocated as follows:

Sound permits:	60 to distributors
	30 to exporters of German sound films
	15 to the sound film reserve fund
	105 — plus an additional 20, applicable to either sound or silent, but presumably to sound;
Silent permits:	40 to distributors
	20 to exporters of German silent film
	10 to silent films reserve fund
	70

German import permits are not purchasable.

HUNGARY

In addition to the regular import duty of $50 per 220 pounds, the following charges are made on imported films:

Import certificate, 1,000 pengos (approx. $175) per film for films of over 400 meters in length and 200 pengos (approx. $35) for films less than 400 meters in length.

Silent films require no import certificates.

Film Fund charges: 20 fillers ($0.035) per censored meter, silent, 30 fillers ($0.052) per censored meter, sound, plus

Regular censorship fee of 10 fillers ($0.0175) per meter.

INDIA

Import duties increased to 37½% ad valorem, on a basis of 4½ annas per foot on exposed motion picture film; on unexposed film to 25% ad valorem.

ITALY

Restriction against the exhibition of dialog films in any language except Italian.

JUGOSLAVIA

A quota just instituted provides that for every 1,000 meters of imported film up to the end of 1933 the importer is obliged to order or to produce and to put into traffic at least 70 meters and, after that date, 150 meters of domestic product. For failure to comply with these regulations fines are imposed that will cost the importer of an

American film $275 for each print entered into Jugoslavia, plus a censoring fee of $118, provided the film is of the average length of 2,200 meters.

MEXICO

Tax of 1% on gross receipts. Duties increased, effective April 22, 1932, from 8 pesos per kilo to 75 pesos on films and, on discs, from 1.20 pesos to 50 pesos per kilo.

SIAM

Import duty increased from 30 to 100 satangs per 100 feet.

SPAIN

Imports of films now dutiable as general merchandise at the rate of 25 gold pesetas per kilo net, on both positive and negative, and it is no longer possible to enter them under the former regime of temporary imports, except for educational purposes.

SWEDEN

Import duties on motion picture film increased from 80 crowns to 1,500 crowns per 100 kilos.

UNION OF SOUTH AFRICA

In addition to a primage duty previously imposed of 5% ad valorem, the Union of South Africa has imposed a customs surtax of 7½%, effective March 24, 1932, on the domestic value in gold on all imports, except specified goods for use by agricultural producers.

American Industry Friendly to Foreign Pictures

It is worth while to note that no retaliatory restrictions have been asked of our government by the American industry. The import duty

exacted by the United States on motion pictures from abroad is negligible. Distributors and exhibitors alike welcome and use acceptable foreign motion picture product judging it solely upon its appeal to American audiences and upon its conformity to our standards of community suitability.

Foreign Opinion of American Pictures

The widespread and intensive trade restrictions instituted abroad against American motion pictures have, for the most part, been accompanied by commendable frankness on the part of proponents of the restrictions, but an occasional apologist has attempted to set up the premise that cultural or moral grounds were a consideration.

The wholesomeness of American picture entertainment standards compares so favorably with those of the world at large that this type of propaganda does not merit discussion. No excuse can be found for the instances in the United States where men who make a living by "riding" the movies have lent themselves to the dissemination of this impudently false charge.

When the British quota was being debated in Parliament, Colonel Josiah Wedgwood, Member of the Committee of the House of Commons, rose in answer to an attempt to disguise this trade restriction as a moral measure. Colonel Wedgwood said:

> "No, sir, that's all wrong. American morality on and off the films is quite all right. They are the most straight-laced people in the universe. Anything that gets put over in America we shan't criticize from the standpoint of morality.
>
> "I am shocked at some films. I actually have to walk out of the theatre sometimes, but they are not American films.

"Leave me my American films."

Among the serious and responsible attempts to get at the truth of the effect of American films abroad was the exhaustive study conducted by the Indian Cinematograph Commission, appointed by resolution of the Government of India Home Department and reporting, in 1928, directly to the Indian Parliament.

"We are without exception," said the report, "satisfied that the majority of films certified for public exhibition in no way tend to demoralize the Indian public, or to bring western civilization into contempt."

Dr. R. E. Diffendorfer, of the Board of Foreign Missions of the Methodist Episcopal Church made a wide personal investigation in the Far East. In his conclusions he publicly stated:

> "Much of the criticism against moving pictures from America is propaganda which is more or less economic in its origin. Indeed, there are motion picture producers who do not wish American moving pictures to gain a foothold in the Far East. Trade rivalry is responsible for a good deal of this propaganda."

One more witness out of scores available serves to emphasize the true relation of American motion pictures to the body of worthy entertainment. Dr. Franz Koelsch, Industrial Physician to the Bavarian Government, brought to America the following results of experimentation there:

> "We find in Germany that the increasing popularity of motion pictures leads more and more to the whole family taking its recreation as a unit. That is great progress from a sociological standpoint. Tests which we made of the psycho-

logical effect of American motion pictures brought us to the conclusion that the inevitability of punishment, as portrayed in plots under the safeguards voluntarily adopted by the producers in the United States, tend to make the screen a very positive deterrent from crime."

On the affirmative side of the question the League of Nations and many scientific bodies and individual scientists throughout the world have reached the conclusion that among the most potent agencies toward the eventual establishment of World Peace is the American motion picture. The vivid effect of War pictures and the deep impression wrought by such psychological studies as *Broken Lullaby* are in the profoundest sense servitors for Peace.

Far and above this particularized service the cosmopolitan nature of American motion pictures, drawing their scenes, their stories and their personnel from many lands, create a sense of unity even as they satisfy a universal human need,—the requirement for mental release through entertainment.

The American motion picture is an agency for international goodwill and a worthy representative abroad of the United States. With every month of self-regulation and conscientious care at the studios its worth in this field increases.

Courts Recognize Competitive Indusrty

The steady growth and importance of ethical standards in the motion picture business since 1922, and your commonsense recognition that your success is interdependent with and upon the success of the exhibitor, your customer, have operated to reduce to a minimum legislative encroachments upon the orderly conduct of the business.

This is not the place for an exhaustive review of the tax situation in regard to motion pictures. Analyses indicate that our industry bears, at the very least, its full share of the nation's tax burden. Admission taxes, representing, as they do, special class legislation and placing a burden upon the necessary entertainment of the working man and his family, have proved, in the rare cases where tried, justly unpopular. The cost of collecting them is excessive in proportion to the return and they reduce motion picture attendance so much that the value of the tax is more than lost by reduction, through diminution of income, of other taxes paid by the industry.

No state censorship law has been added to those eight state censorships that were in existence when our Association was formed in 1922. In one commonwealth, Massachusetts, we were able to bring this issue directly before the people through referendum, and by a majority of more than two to one the people of Massachusetts repealed the state censorship law that had been in effect there.

Our roadway is being pointed by judicial decisions. Two such decisions, of far-reaching importance, recently handed down by the Courts of the United States and Canada have clarified the atmosphere created and maintained for years by claims against this industry that the blockbooking of pictures was illegal and in Canada that all engaged in the industry were a monopoly.

It has now been definitely decided by the United States Circuit Court of Appeals of the Second New York Circuit that every distributor has the undoubted right to sell in blocks or to adhere to a policy of terms of sale, price of sale and persons to whom they sell, and the court found that the smaller producers or distributors, as distinguished from the larger companies, have not been shown to have been affected by any combination between the larger companies;

that the sales methods of selling pictures in blocks have not been shown to have any effect upon competition when the whole field is surveyed, and that it is impossible to say on the evidence that the effect of blockbooking as practiced in the industry unfairly affected competition. On the other hand the court found it may fairly be said that all persons engaged in the production of pictures have been able successfully to distribute their product and that this has permitted fair competition in the industry.

Further, a most illuminating court decision of exceptional interest in regard to the motion picture industry was handed down in the Supreme Court of Ontario on March 7, 1932. This opinion consummated a trial lasting several weeks and in which the defendants were charged under Canadian law with conspiracy to prevent or lessen competition. The Combines Investigation Act and Section 498 of the Criminal Code of Canada differ from our American Anti-trust law in that conspiracy cannot be established on the basis of the form and method of an agreement. The agreement must be shown to have had as its purpose and its effect the lessening of competition.

Canada Refutes Monopoly Charge

The following excerpts from the voluminous decision of Mr. Justice Garrow indicate the sweeping approval which he gave the industry in connection with his finding of not guilty against the defendants:

A. "The main question of fact here involved so far as the Combines Act is concerned, is this. Has the evidence established that there existed during the years mentioned between the accused, or some of them, an actual or tacit agreement entered into within this Province which had or was designed to have the effect of preventing or lessen-

ing competition in or substantially controlling within Ontario or generally the purchase, barter, sale or supply of film? . . .

B. "The evidence taken at the trial failed to disclose that there was any attempt at price fixing as between the exchanges. On the contrary there was at all times very considerable rivalry and marked competition for business between them with the result, so far as the general public is concerned, that no complaint whatever is made as to the prices of admission charged. There have been available throughout the years in question more films supplied than there were theatres to play them in. There has never been an instance of a theatre being obliged to close its doors for want of film so far as the evidence discloses. And the rentals charged by the various exchanges to the exhibitors have been fair and reasonable, or at any rate have been arrived at solely by bargaining between the individal distributor and his customer and not as the result of any pre-arrangement among those controlling the product. . . .

'Protection' a Proper Practice

C. "The Standard Contract was as much to the interest of the exhibitor as of the distributor in this sense at least that it was desirable that the former should know, when he was dealing each season with many different distributors, that the contract he signed with each was the same in its general terms and differed only in details. . . .

D. "I find as a fact that protection in itself is conceded to be and is a proper enough arrangement. Undoubtedly there are individual cases in which it may have seemed to work a hardship. But I am quite unable to find that the accused or any of them combined together to grant to Famous Players or their associates such a degree of 'protection' as worked to the detriment of the independents as a whole by controlling or limiting the supply of film. It was to the benefit of

the exchanges to keep all their pictures working continuously—they had nothing to gain and everything to lose by doing otherwise. While Famous Players was enjoying a first run and protection afterwards with one film of a certain picture there was nothing to prevent some independent exhibitor having the same privilege with another film of the same picture in some other district.

E. ". . . the so-called independent exhibitors constitute a very considerable proportion of the whole. Their business is very valuable to each distributor and he would not willingly risk the loss or dissatisfaction of valuable customers. It is pretty safe to assume that in this, as in most other kinds of big business, each individual is looking out for himself without too high a regard for the interests of his rivals, and it is difficult to accept the suggestion that these hard-headed business men were willing at the dictate of any one to tie up their product and turn away or antagonize a large number of their customers, unless it was very clearly to their financial advantage to do so, and I have not been able to discover evidence of such advantage.

Fairness to Exhibitors

F. "There may have been a few cases in which some inconvenience and delay was experienced in getting the particular kind of picture that the exhibitor wanted, but that there was any general discrimination against the independent theatre proprietor has not in my opinion been made out. There is abundant evidence that they were permitted to cancel contracts, they were given generous terms on reductions of rentals if the occasion demanded; when the change to sound occurred many of their obligations as to unplayed pictures were wiped out; they got protection if demanded; they could and did get 'selective' contracts; they had the right to screen before contracting; they were given credit if they were entitled to it; their so-

called 'delinquencies,' i.e., failure to take and exhibit pictures within the time specified by their contracts, were treated fairly, if not generously, by the distributors. All this and much besides to the same effect negatives the suggestion that the independents as a class were the victims of a conspiracy designed to cut off or limit their supply of film.

G. "One does not in a case of this kind look for the terms of the combine or conspiracy to be set out in black and white in the minutes of the companies involved or contained in so many words in some document or series of documents. It is not at all necessary that the parties shall all actually have put their heads together, nor indeed that they shall ever have met together and formally agreed, but it is essential that one is able to gather from all the evidence that the combine or conspiracy alleged did in fact exist between at least some two or more of the accused; that there was a common design or plan to do the thing forbidden by the statute not resting in intention merely but reduced to a common undertaking to carry that intention into effect.

H. "I have not been able to gather from the material before me that the existence of such a combination between the parties has been made out, and I find myself quite unable to arrive at the conclusion that the Crown has discharged the burden which rests upon it, and consequently the prosecution fails as to all the accused and upon all three counts of the indictment."

This definitive and well reasoned action of the Canadian courts offers a contrast to the necessity, faced by our courts in the United States, of inhibiting many of the vital processes of modern business because of the letter of laws we passed when the world was geared to different speeds and lesser exigencies.

One of these instances I described as follows in an address delivered Thursday, December 13, 1931, before the Boston Chamber of Commerce:

"The seventeen thousand theatres in the United States enter into written contracts with distributors calling for ten million five hundred thousand separate exhibitions of pictures every year. The occasions for honest differences of opinion arising in execution of these contracts are almost limitless. In 1922 over four thousand lawsuits were pending, representing such differences of opinion. No matter who won or lost these lawsuits, the value of the picture in question was faded out long before the award, with inevitable bad feeling.

"With the co-operation of representative industrial thought and leaders from all branches of the business, a standard exhibition contract was agreed upon which provided that any dispute arising therefrom should be submitted to a board of arbitration of six men. These boards were established in thirty-two cities, and were composed of three local exhibitors and three local distributor representatives.

"So practical and fair was this arrangement that in six years 51,255 claims that were filed were settled or withdrawn before the date of hearing; 36,777 awards were rendered; only in 1/3 of 1 per cent of all these cases was a seventh arbitrator required; there were only eight lawsuits in six years, and claims totalling $27,197,596.36 were peacefully and effectively settled.

"This plan was cited again and again as a conspicuous example of self-regulation in American history.

"But the question was raised as to the technical legality of the procedure under the provisions of the Sherman Anti-Trust Act of July 2, 1890.

"The trial judge, in deciding the case, said:

> 'That competition between distributors has been promoted by the adoption of the standard exhibition contract, and that in many ways generally trade conditions have been vastly improved, I have no doubt, and so find.'

"The producing companies that had agreed upon arbitration had stimulated and not restrained competition among themselves. They had evolved a procedure which, in the words of the distinguished jurist, 'vastly improved conditions' in the trade. Nevertheless, the wording of a so-called Anti-Trust law passed in 1890, before motion pictures were dreamed of as a commercial enterprise, compelled the courts to undo the fair, orderly and economical processes set up.

"This is referred to mainly for the lesson that business generally may draw from it. The motion picture industry will still be able to build from our experience an arbitration system within the limits fixed by judicial decision."

Comprachico Legislation

Commenting upon the lessons to be drawn from such a divergence of fact and law, I said:

"It is the appointed province of legislation to regulate traffic and barter. But no bill of rights, from the Codex Justinian to the Constitution, confers upon government the authority to contain the processes of business in permanent

straight-jackets. Such procedure is akin to the practice of medieval Comprachicos who confined infants in earthen jars and left them there to grow in the shape of the vessel, producing synthetic dwarfs for the courts and fairs of the Middle Ages.

"And if we do not take prompt and vigorous action to revise certain punitive statutes, we shall soon find many of the soundest and most essential of our industries similarly dwarfed and distorted by Comprachico legislation through which the economic theorism of forty-two years ago still contrives to exercise control over industrial management today.

"The modification of inconsiderate law, to permit the orderly development of business, is a first and essential step toward the restoration of permanent prosperity in the United States.

"This necessary modification affects every American. I propose that we concern ourselves a moment with it.

"The philosophy of commerce and the methods of business have undergone revolutionary change in the past two decades. This applies from the most simple process of business to the most complex. You do not keep your books like you kept them twenty years ago. You do not plan your sales campaigns in even remote conformity to the methods your fathers used. You no longer view labor as a commodity. You counsel with it as an equal in the partnership of endeavor. World market reports are as pertinent to your morning planning as were the fluctuation of local supply and demand to your predecessors'.

Archaic Law

"But we have had to effect much of the progress of business in the face of and sometimes in conflict with a body of archaic law, enacted into statute when the problems of industry were naively simple compared to economic conditions of 1931-1932.

"In the era of ruthless competition these now antiquated statutes of restraint and inhibition were necessary. But business has progressed in spirit as well as method, in conscience as well as complexity. The American business man today is entitled, on the basis of his proved intelligence and recognition of community interests, to reasonable freedom at the hands of government—freedom to work out the problems that are equally germane to the legitimate successful operation of business and to the welfare and prosperity of every workingman and every workingman's family.

"There is a healthy disposition on the part of our national legislators to consider the revision of the Sherman Anti-Trust Law and the Clayton Act. This is well.

"No one, of course, would suggest that legislation yield its right to interpose upon business reasonable conditions, clearly in the public interest. I only urge that the method employed shall be such as to cause the result to coincide with the intent. I ask for reasonable freedom for American business to keep itself abreast of changing conditions and to erect a more stable edifice of prosperity."

Not only our own industry but leaders in every form of American business stand solidly together in this position.

Economics at the Studios

In common with all American industry, we have accorded due thought during the past two years to the adjustment of our internal economics to meet the general financial situation.

You are all familiar with the rigorous efforts that have been made and are being pursued at the studios to bring the cost of picture production to an irreducible minimum consonant with the artistic necessities. You know that every process of distribution and exhibition is daily under the closest scrutiny and that in each of your companies it has been made a principal order of the day to conserve every possible dollar. Nevertheless, we are avoiding the false economy which would result in the production of entertainment without drawing power. Every picture which fails to draw is "expensive," no matter how little it costs.

It is short-sighted policy that would deny the necessity of research for product as yet undiscovered, for uses and processes unknown, for markets yet undefined, on the basis that the charge for research is merely waste. Our studios are the entertainment research laboratoris of the industry. Themes are tried and either succeed or fail, directors are constantly exploring to discover new trends and techniques, producers are courageously striking out on new roads of entertainment appeal. Such proper efforts are not to be considered "extravagance" or "waste."

Necessity for Experimentation

When valuable machinery is scrapped to make way for newer and better processes, when vast research laboratories spend millions of dollars each year in investigation and discovery, when new lines of merchandise are manufactured to tap possible new markets, when

every successful newspaper must buy twice as much material as it uses, when vastly more misses than hits issue from the publishing industry, the investment chargeable to enterprise is an accepted factor of business. So when a story bought for picturization is shelved because of production problems subsequently developed, when investments in entertainment personalities are made subject to the confirmation of public favor, or when a finished film is refashioned in the attempt to make it better, the cost should not be considered "waste." It is the experimentation incident and necessary to the production of motion pictures and not a proper charge to an indefinite "overhead."

I do not say this to justify the abuses, the extravagance or the waste which a mistaken policy in any industry may effect. I say this to make clear the fact that financial and business reorganization in the motion picture industry is making real progress, that entertainment research is being placed on an organized and purposeful basis, and that the problems of management are being met on an increasingly effective scale.

Future of the Industry

The motion picture industry offers a splendid example of the principle that the saturation point is remote for an art, an industry or a service that remains fully susceptible to creative forces.

There is a vast distinction between the figures of attendance at motion picture theatres and the number of possible customers. Just as every picture produced upon a higher standard of entertainment value is lifting by that much the standard of public appreciation for pictures of the better kind, so does every such picture help to create a greater market for motion picture entertainment. Every theme that rises above the previous level of entertainment appeal draws

another group of theatre-goers to motion pictures. Every classic of literature, successfully translated to the screen, introduces a new element of attendance.

Among the inquiries constantly conducted into the state of public taste, one recently instituted and still in process of development is of particular interest. The Motion Picture National Preference Poll, inaugurated by the organized industry in March of this year, promises a very broad and thoughtful response. The first returns of this national survey indicate that the audiences want *release*—they apparently want vicarious realization of what their own condition or life makes difficult or impossible. This means the widest range of entertainment theme for the screen.

Obviously the maximum development of the screen is before it, not behind it. So truly stupendous is its task of universal entertainment that it is only against the background of the almost immeasurable consequent problems that its real progress becomes apparent. That progress to date is richer in drama than any motion picture scenario and replete, indeed, with service.

I view the last decade with a deep appreciation, measured by my exact knowledge of your accomplishments. You are merchants—entertainment merchants—manufacturing and distributing drama, diversion and graphic education. But your constant and expensive willingness to abandon profitable practices and disregard balance sheet advice in order to keep covenant with good taste and constant improvement testifies that the motion picture industry has demonstrated its competence to regulate its own household.

We have maintained competition without squandering time and money in confiscatory litigation. We work in constructive harmony because we have consistently conformed to the decision of internal

arbitration. We have avoided unintelligent friction by joining experiences and efficiencies for mutual benefit.

Self-restraint

Dealing in a commodity which serves every state and class in the Union, we have invoked no legislative straight-jackets because we have preferred to exercise self-restraint. Because of continually closer understandings of common responsibilities, we have long appreciated that we cannot separately affront community sensibility without casting disrepute upon the entire industry.

We wish to be right, not only because it is preferable to win under the rules, but also because it *pays* best.

We frequently misestimate what is best to do. We are sometimes misled by impetuous judgment, sometimes by calculated opportunism, but our sins of commission and omission, alike, have been less year by year, and our praiseworthy performances correspondingly increased. The important things achieved compare so favorably with the unimportant things which we failed to accomplish that we look to the responsibilities of the future with high hope.

I share a willing partnership in the mistakes which the industry has made; I claim no more than partnership in the progress achieved. There is, indeed, much yet to be done, but, together we will meet the problems and all of the industry's varied responsibilties with an increasing faith in its vast future and in the industrial virility of the nation.

The Talking Picture

The mechanical marvel which records and reproduces both words and pictures is the instrument with which the speaking likenesses of centuries will be preserved.

Never again shall time wither or age destroy anything that is imposing or exquisite or memorable.

Paderewski's flashing fingers will still pounce upon keyboards and draw sweet thunder from his piano—and Schumann-Heink will still sing and smile from strips of film a hundred years from now.

All achievement delivers its message to and sits for its portrait in celluloid.

The history lessons of tomorrow will be taught from the newsreels of today. Our children's children's children will attend the next presidential inauguration, see the Chief Justice administer the oath of office, and listen to the President's actual address. They will watch Byrd sail for the South Pole and witness Lindbergh begin his flight into immortality.

All great and unusual men and women sooner or later march through the lens of a sound-recording camera to appear and talk to all the peoples of earth.

Everybody everywhere by grace of motion picture enterprise eventually can meet face to face every living person of interest or importance.

Motion pictures permit you to become companions of Arctic adventurers and African explorers; they lead you to jungles and deserts and mountain ranges upon which folk have never gazed; and they render you as familiar with the temples, cathedrals and social life of Asiatic and European cities, as you are with the churches, streets and neighbors of your own home town. They line the blank walls of imagination with world-wide tapestries and fill the once drab hours of lonely lives with brilliant entertainment, hilarious amusement and food for sober thought.

We have built for the drama and its most distinguished artists a stage on which presentations are made on scales of grandeur utterly beyond any resources of the speaking theater. We have invented a new language, a language that leaps the barriers of Babel; which translates all literature to common understanding; which teaches the eye what the ear may not comprehend.

Ours is more than a business, far more than an industry; above everything else, it is a servant of happiness, of enlightenment, of culture, of human brotherhood.

WILL H. HAYS IN "THE REVIEW OF REVIEWS," APRIL, 1932

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